ALBERTA GOVERNMENT TELEPHONES

Expenditures and Receipts 1907 to 1916 inclusive.

Nº 13

Authority Nº 1, 2, 7 and 11. Statement under date of 23rd August 1917, Signed by A. M. Mitchell, Auditor of Alberta Government Telephones, except for 1916 taken from the Provincial Public Accounts.

Interest at 4% up to 31st December, 1912. 4½ % for 1913 and 1914, and 5 % 1915, being the rate paid on the Public Debt incurred in those years.

The items are to the nearest dollar omitting cents.

Nºs.	SUBJECT	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916
1	Cost of Operation.	1.649	50.994	135.097	135.053	161.959	235.111	310.188	353.257	354.949	416.795
2	Cost of Maintenance.	752	25.251	47.265	67.932	106.552	173.819	208.262	185.875	194.267	176.954
3	Nº 1 + Nº 2	2.401	76.245	182.362	202.985	268.511	408.930	518.450	539.132	549.217	593.749
4	Interest on Nº 3 for 4 months	32	1.016	2.431	2.706	3.580	5.452	7.777	8.087	9.154	9.896
5	Expenditures in said year, being Nº 3 + Nº 4 + interest for the year on the amount at end of preceeding year.	2.433	77.358	187.887	213.206	280.619	425.607	545.879	571.761	586.959	632.993
6	Nº 5 Cumulative.	2.433	79.791	267.678	480.884	761.503	1.187.110	1.732.489	2.304.250	2.891.209	3.524.202
7	Capital Expenditure in each year.	281.898	1.019.676	530.185	846.090	1.167.127	2.066.398	2.057.245	736.468	432.911	156.592
8	Interest on Nº 7 for 4 months.	3.759	13.596	7.069	11.281	15.562	27.552	30.859	11.047	7.215	2.610
9	Nº 7 + Nº 8 + Interest on expenditure for that year.	286.537	1.044.698	590.011	931.618	1.291.231	2.249.800	2.327.712	1.081.088	807.337	548.419
10	Nº 9 Cumulative.	286.537	1.331.235	1.921.246	2.852.864	4.144.095	6.393.895	8.721.607	9.802.695	10.610.032	11.158.451
11	Revenue for the year.		227.168	302.957	369.757	506.830	680.732	880.559	904.439	999.550	1.100.725
12	Interest for 6 months on Revenue.		4.543	6.059	7.395	10.137	13.615	19.813	20.350	24.989	27.518
13	Nº 11 + Nº 12 + interest on the amount at end of the preceeding year.		231.711	318.284	389.883	532.562	715.650	932.576	966.755	1.072.877	1.181.887
14	Nº 13 Cumulative.		231.711	549.995	939.878	1.472.440	2.188.090	3.120.666	4.087.421	5.160.298	6.342.185
15	Nº 14 – Nº 6 which equals the surplus of Revenue over Operation and Maintenance each year.	2.433	151.920	282.317	458.994	710.937	1.000.980	1.388.177	1.783.171	2.269.089	2.817.983
16	Nº 10 – Nº 15, which equals amount Province has invested in Telephones.	288.970	1.179.315	1.638.929	2.393.870	3.433.158	5.392.915	7.333.430	8.019.524	8.340.943	8.340.468

In the matter of Nº 4 and Nº 8 it is estimated that the mean of the outlay for each of these years would be about the first of September for each year, For Nº 12 the 1st of July. Therefore it is logical to allow for Nºs 4 and 8, 4 months interest and for Nº 12, 6 months interest.

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Nº 16 shows what the Province has expended on telephones at the end of any one year.

The Auditor's statement shows that the proceeds of loans made by the Alberta Government for telephones up to the end of 1915 is $ 8.967.031.

In the statement furnished by the Auditor there are two items not placed in the above schedule, one for interest amounting to $ 1.882.879. and the other Sinking Fund amounting to $ 136.069. Both items are included in the Revenue and are provided for out of same.

The Minister of Railways and Telephones during the Session 1915, in reply to a question, stated that depreciation was taken care of under the Maintenance Account. Was the Telephone System at the end of 1916 worth $ 8.340.468. being at that date the net cost to the Province ?.

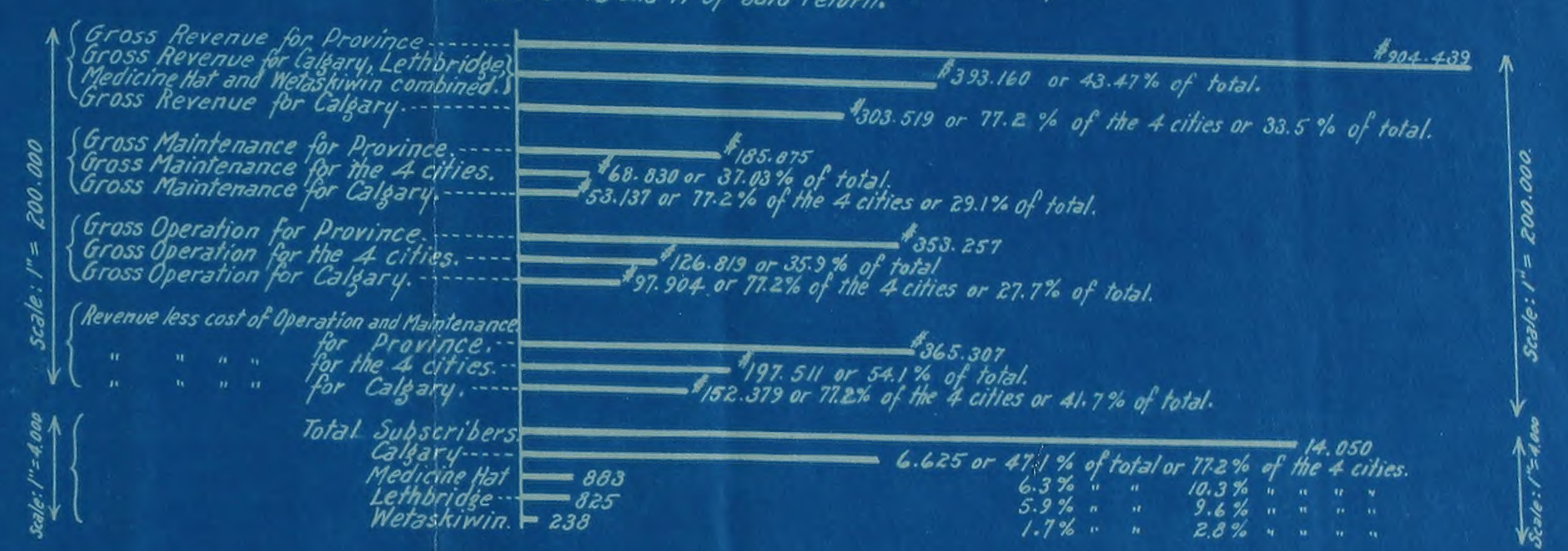
The President of the Bell Telephone Company in 1914 is reported to have stated that within the preceeding ten years that Company had expended for construction and re-construction an amount more than equal to the present book value of it's entire plant. He stated that substantially all of the plant now in use, including telephones, switchboards, cables and wire, have been constructed, renewed or reconstructed in the preceeding ten years, and particularly in the matter of switchboards, installations costing millions have been discarded after only a few years of use. That since 1877 there have been introduced 53 types and styles of transmitters, and of the twelve million telephone receivers and transmitters owned by the Bell Telephone Company on January 1st, 1914, none were in use prior to 1902, and the average age was less than five years.

In conclusion I would particularily direct your attention to the fact that in preparing these statistics I am acting wholly in my personal capacity as a citizen and ratepayer in Alberta, and in no way directly or indirectly as an official of the Canadian Pacific Railway or on behalf of any individual or interest, and no one contributed financially in the slightest to same. No one was consulted nor was the subject discussed with any one regarding the issuence of this.

Calgary 8th Sept. 1917

Wm Pearce

Analysis of return regarding telephones brought down to the legislature of Alberta during session of 1915
See Nºs 16 and 17 of said return.



Revenue for 1914 equals $904.439. According to the return Nº 17, the cities of Calgary, Medicine Hat, Lethbridge and Wetaskiwin together contributed 43.47% of the total gross revenue of the Province for 1914. 43.47 % of $904.439 = $393.160.

According to Nº 16 of said return the cost of Maintenance for the four cities was 37.03% of the total cost of Maintenance for that year which total cost was $ 185.875; 37.03% of $ 185.875 = $68.830.

The cost of Operation in the four cities was 35.9% of the whole.

The cost of Operation of the whole for the same term was $ 353.257; 35.9% of $353.257 = $ 126.819

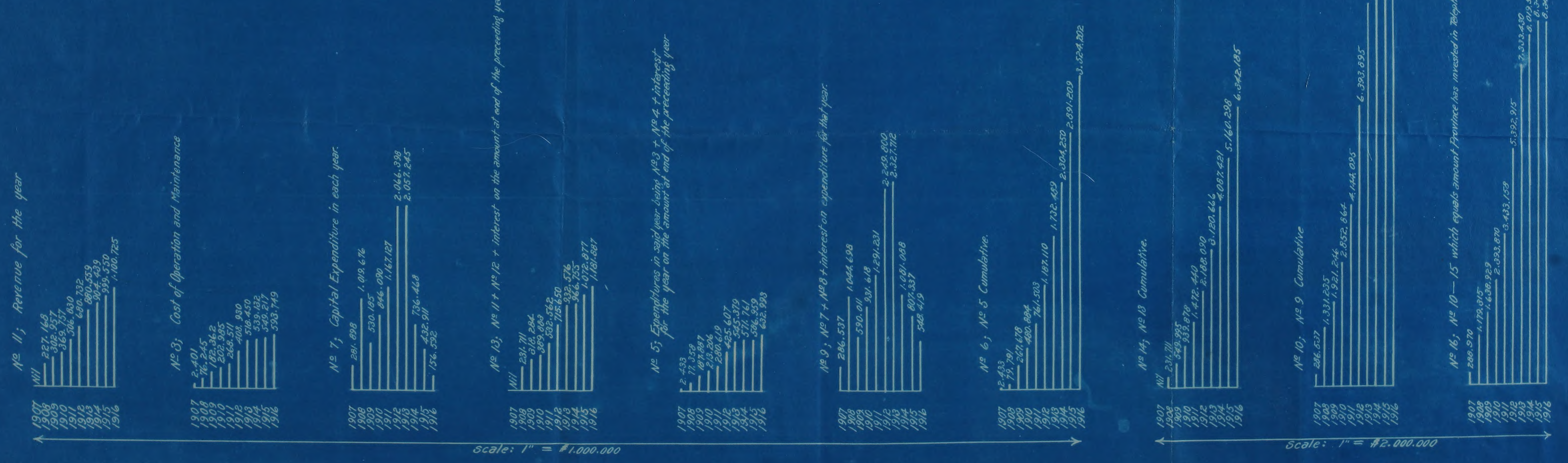
The Revenue for the whole Province over expenditure for 1914 = $ 904.439 — ($185.875 + $353.257) = $365.307. Taking the four cities the gross Revenue over expenditure = $ 393.160 — ($68.830 + $126.819) = $ 197.511 or 54.1% of whole.

Calgary

According to said return Calgary represents 47.1% of the total subscribers in the Province. The four cities represent 61%. Therefore Calgary represents 77.2% of the 4 said cities. 77.2% of 393.160 = 303.519 Calgary's contribution to revenue for 1914 based on percentages. The larger the number of subscribers in one place the greater proportionately the number of long distance or toll calls which the Provincial Telephone Authorities state is the branch of the service which produces the profit.

77.2% of 68.830 = 53.137; 77.2% of 126.819 = 97.904; 303.420 — (53.137 + 97.904) = 152.379 or 41.7% of total revenue above expenditure.

It would therefore seem that if Calgary were taken out of the telephone system, it could conduct its telephones at a very considerable profit, but if it were taken out, the Provincial Telephone System would then be on the rocks. Woud it not be equitable therefore to lower the price to the subscribers in Calgary and increase to those at other points?.



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15	Nº 14 – Nº 6 which equals the surplus of Revenue over Operation and Maintenance each year.	2.433	151.920	282.317	458.994	710.937	1.000.980	1.388.177	1.783.171	2.269.089	2.817.983
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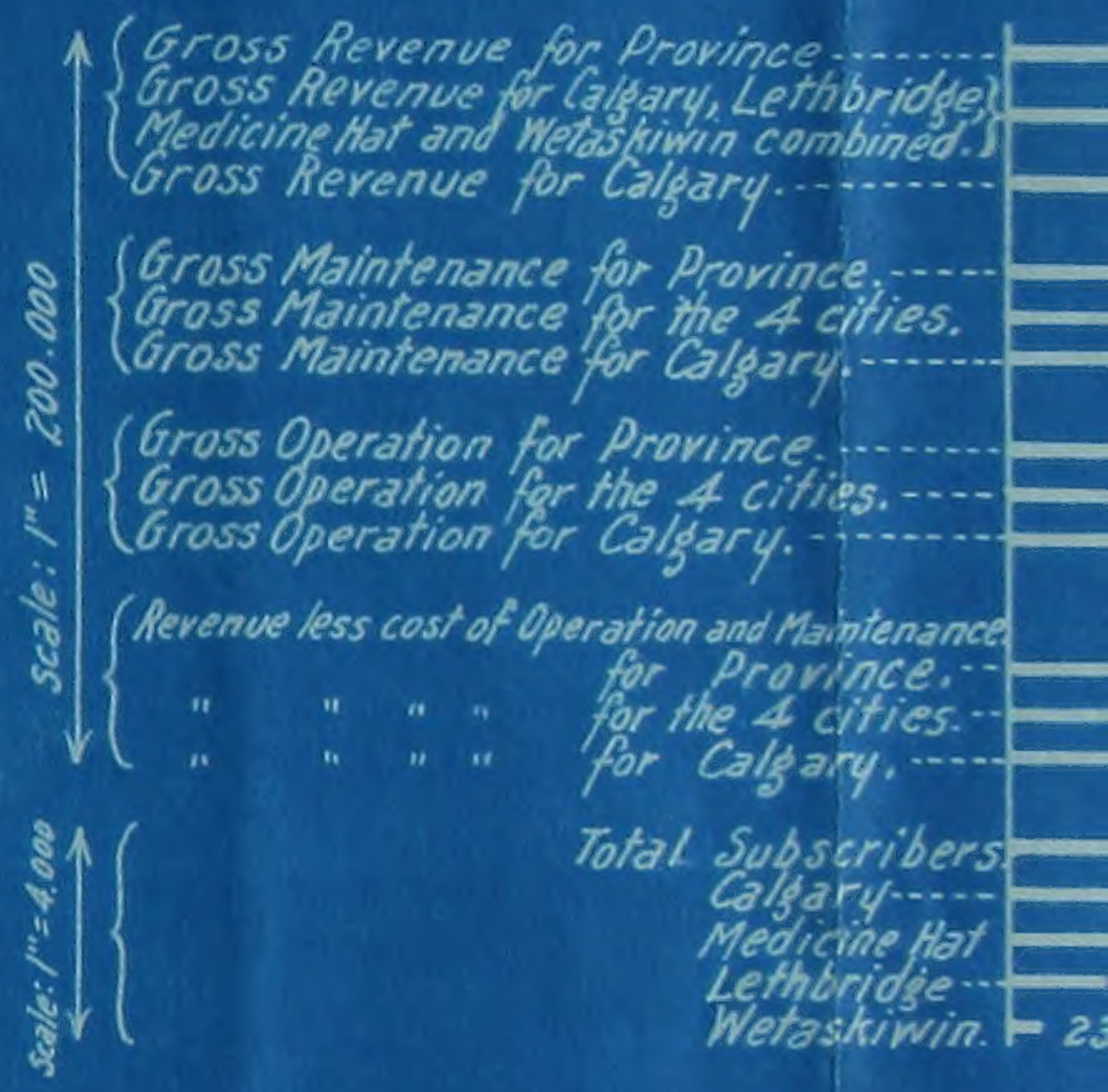

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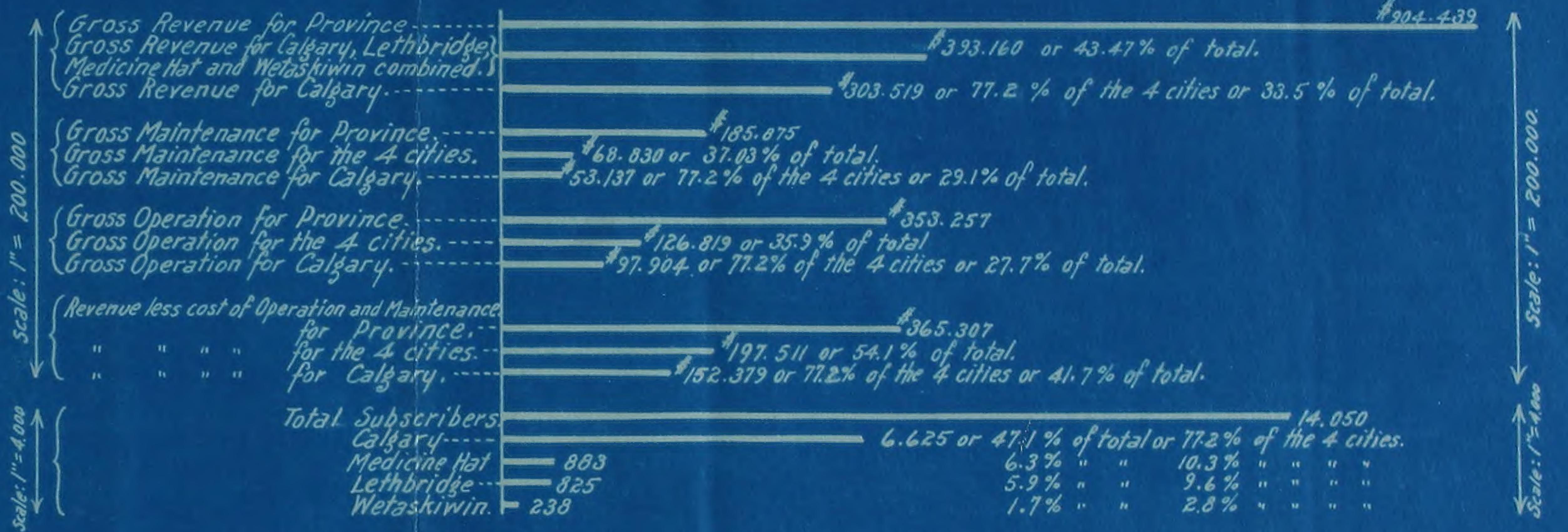

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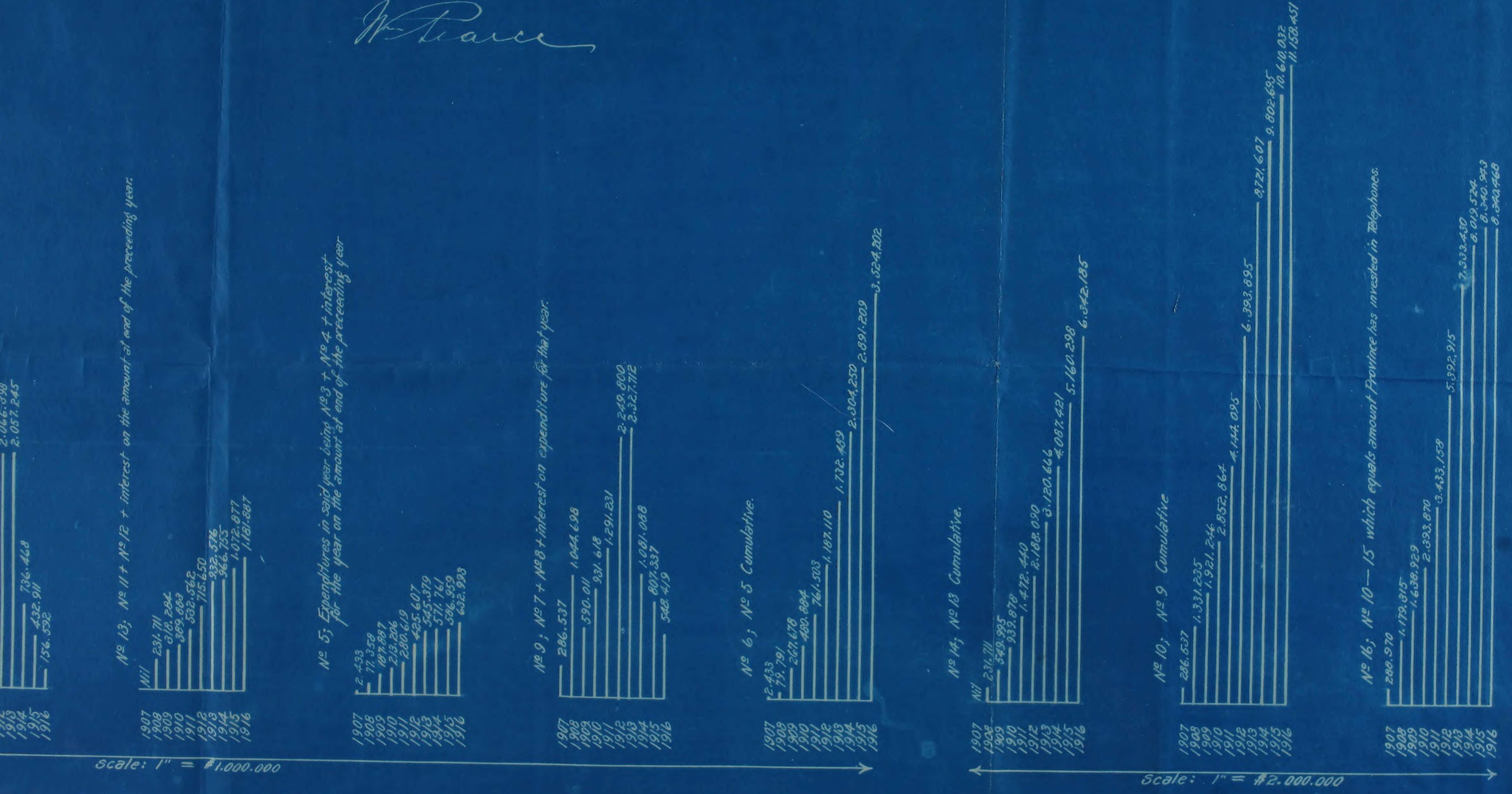

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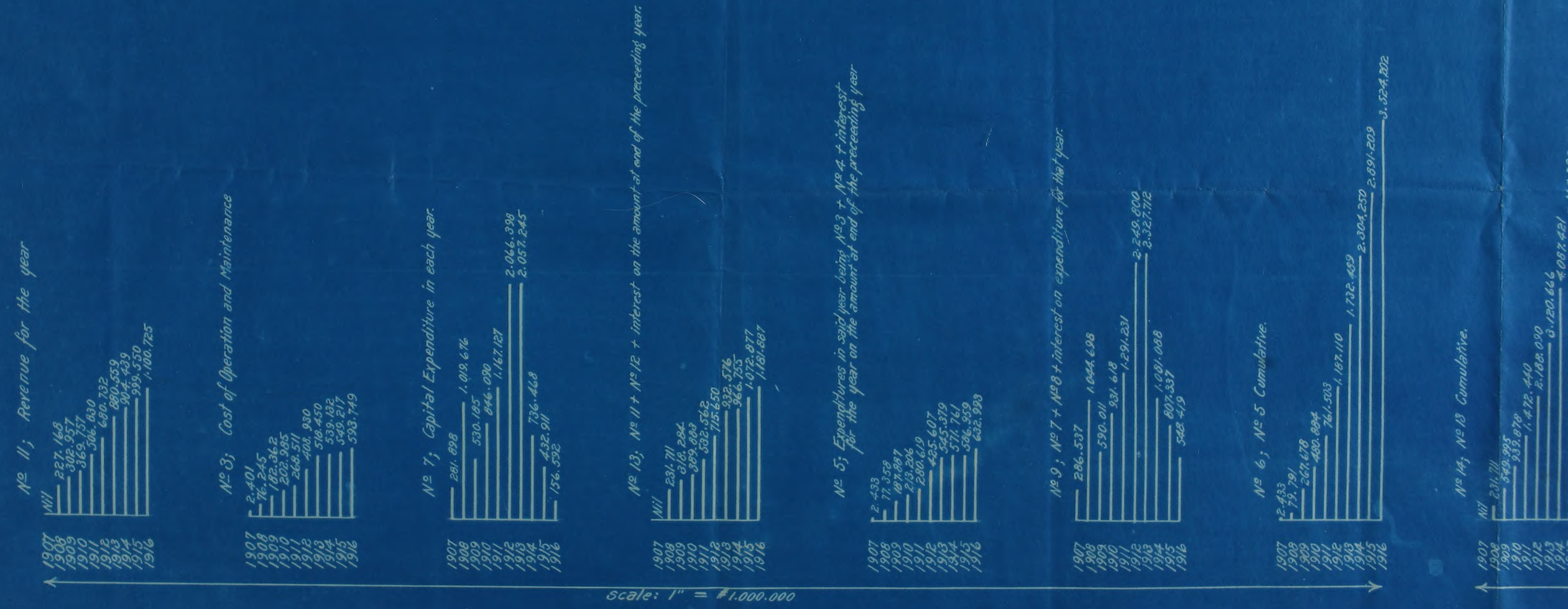It would therefore seem that if C
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